

MUSTO EXPLORATIONS LTD.

405 - 750 WEST PENDER STREET
VANCOUVER, B.C., CANADA, V6C 2T7

TELEPHONE (604) 689-7842 • TELEX 04-51457

Musto Exploration
PRO/053/004
Copy to Pam, Mary
(this letter)

January 12, 1984

Ms. Pamela Grubaugh-Littig,
Reclamation Engineer,
State of Utah Natural Resources,
Oil, Gas & Mining,
4241 State Office Building,
Salt Lake City, Utah 84114.

RECEIVED
JAN 19 1984

**DIVISION OF
OIL, GAS & MINING**

Dear Ms. Grubaugh-Littig:

With reference to your letter dated December 29, 1983, enclosed please find some information on Musto Explorations Ltd. and the Apex Project. We made a production decision on November 17, 1983 and have just completed the financing for the development of the mine and plant.

Please refer to some previous correspondence with the Oil, Gas and Mining Division, Ref. EXP/053/009.

Our contact in Salt Lake City is:

Mr. Ray L. Ridge,
Sutiter, Axland, Armstrong & Hanson,
Seventh Floor,
Clark Leaming Office Centre,
175 South West Temple,
Salt Lake City, Utah 84101.
(801) 532-7300.

Ray Ridge and myself met with Mr. James W. Smith, Jr. in the offices of the Oil, Gas and Mining Division on Thursday, October 6, 1983 to discuss our ongoing program on site.

We are currently preparing a permit application. This work is being coordinated by Mr. Phyl DeDycker of Steffen Robertson and Kirsten (Colorado), Inc. of Lakewood, Colorado who has had a meeting and discussions with a number of officials from the Oil, Gas and Mining Division. We expect to file the Mining and Reclamation Plan in February, 1984.

Yours very truly,

H. Lutz Klingmann

H. Lutz Klingmann
President

HLK:ldv
Encl.

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January 11, 1984

PRESS RELEASE

The Directors of the Company are pleased to announce the Closing of the Private Placing of 3,500,000 shares of the Company at Cdn. \$3.00 per share for a net amount of Cdn. \$9,958,000 after commission and expenses. This financing was arranged by James Capel & Co. of London, England.

The Company now has adequate funds in hand for the development of the Apex Mine to production. The target date for the start of production has been set for March 1, 1985.

The decision to put the mine into production was announced on November 17, 1983. The mine, which is located in the State of Utah, United States of America, will be a primary producer of gallium and germanium.



Adolf H. Lundin
Chairman of the Board



H. Lutz Klingmann
President

This release was prepared by Messrs. Klingmann and Lundin on behalf of the Board of Directors of Musto Explorations Ltd. and they take full responsibility for its contents.

The Vancouver Stock Exchange has neither approved nor disapproved the contents of this release.

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RECEIVED
JAN 19 1984

November 17, 1983
DIVISION OF
OIL, GAS & MINING

PRESS RELEASE

Musto Explorations Ltd. has completed the feasibility study on the Apex Project and has made a decision to put the mine into production.

The Company will design and build a plant capable of treating 100 tons of ore per day or 24,000 tons per year on a site approximately fourteen miles from St. George in southern Utah. The Apex mine will be developed to supply ore at the rate of 120 tons per day or 30,600 tons per year to allow for upgrading the ore by sorting and stockpiling some lower grade material.

The geological reserve from approximately 80 feet above the 250 foot Level to the 625 foot Level is 243,000 tons with the following average grades:

Gallium %	Germanium %	Copper %	Lead %	Zinc %	Silver Oz./Ton
0.032	0.064	1.63	0.77	1.58	1.21

Ore is available on the existing upper dump for a further eighteen months of production.

A decline will be developed from the 500 foot Level to the 625 foot Level at -15% during the preproduction period. The 625 foot Level will be prepared for stoping. Underground diamond drilling will be required to define the mineralized iron oxide zone below the 625 foot Level. This exploration program will proceed mid-1984. Vertical continuity is indicated for the mineralized zones to the 1100 foot Level. Copper was mined on a small scale to the 1440 foot Level to 1948.

The primary products will be a gallium hydroxide and a germanium hydroxide. Marketing studies show that these products will find a ready market in the United States and Japan. Estimated average production of contained gallium and germanium will be 10,000 kg and 17,900 kg per year respectively for the first three years of the life of the mine. A cement copper with some silver and zinc hydroxide will also be produced.

The estimated capital cost of developing the mine and plant is U.S. \$12,955,000. Discussions are being held with financial institutions to obtain equity financing for the project.

Hazen Research (International), Inc. of Golden, Colorado have been engaged to do the detailed design work for the plant plus procurement, construction and commissioning of the plant. Engineering design and construction of the plant will take approximately eighteen months to complete.

Steffen Robertson and Kirsten (Colorado), Inc. of Lakewood, Colorado have been retained for detailed engineering design of the tailings ponds and for securing permits.

Underground mine development was started on October 7, 1983.



H. L. Klingmann
President

This release was prepared by H. L. Klingmann on behalf of the Board of Directors of Musto Explorations Ltd. and he accepts responsibility for its contents.

The Vancouver Stock Exchange has neither approved nor disapproved the information contained herein.